

PUBLIC SESSION AGENDA
NORTH CAROLINA STATE BOARD OF CPA EXAMINERS
NOVEMBER 18, 2013
10:00 A.M.
1101 OBERLIN ROAD
RALEIGH, NC

I. Administrative Items

A. Call to Order

In accordance with the State Government Ethics Act, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflict. Does any Board member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.

B. Welcome and Introduction of Guests

C. Approval of Agenda

D. Minutes

E. Financial/Budgetary Items

1. Financial Statements for October 2013

II. Legislative & Rule-Making Items

A. Rules for Review Filed With the Office of Administrative Hearings and Published in the September 3, 2013, Edition of the *North Carolina Register*

08A .0301

08F .0103

08F .0502

08G .0401

08G .0403

08G .0409

08G .0410

08I .0104

08J .0105

08J .0106

08J .0107

08M .0105

08N .0202

09N .0203

08N .0208

08N .0302

III. National Organization Items

A. Report of the 106th Annual Meeting of NASBA

IV. State & Local Organization Items

V. Request for Declaratory Ruling

VI. Committee Reports

- A. Professional Standards
- B. Professional Education and Applications

VII. Public Comments

VIII. Closed Session

IX. Executive Staff and Legal Counsel Report

- A. Proposed 2014 Board Meeting Calendar

X. Adjournment

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
October 21, 2013
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Jose R. Rodriguez, CPA, President; Bucky Glover, CPA, Vice President; Maria M. Lynch, Esq., Secretary-Treasurer; Tawannah G. Allen, Ed.D.; Barton W. Baldwin, CPA; John M. Kledis, CPA; and Michael H. Womble, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

GUESTS: Josh Goldman, Director of Professional Development, NCACPA; Jared Plummer, CPA, NCACPA; and Curt Lee, Legislative Liaison, NCSA.

CALL TO ORDER: President Rodriguez called the meeting to order at 10:03 a.m.

MINUTES: The minutes of the September 23, 2013, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The September 2013 financial statements were accepted as submitted.

NATIONAL ORGANIZATION ITEMS: Messrs. Glover and Baldwin moved to approve the response to the *Uniform Accountancy Act - Revised Definitions*. Motion passed.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Baldwin moved and the Board approved the following recommendations of the Committee:

Case No. C2013067 - Melissa H. Israel, CPA - Approve the signed Consent Order (Appendix I).

Case No. C2013103 - William T. Lovette, CPA - Approve the signed Consent Order (Appendix II).

Case No. C2013148 - Elizabeth W. McMellon, CPA - Approve the signed Consent Order (Appendix III).

Case No. C20171199 - Close the case without prejudice.

Case No. C2012365 - Eugene E. Nicholas, Jr. - Approve a Notice of Hearing for February 24, 2014, at 10:00 a.m.

Case No. 2013157 - Sheila M. Edmonds, CPA - The Board approved the Order (Appendix IV) as consented to by Ms. Edmonds.

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE: Ms. Lynch moved and the Board approved the following recommendations of the Committee:

Transfer of Grades Applications - The following were approved:

Matthew Robert Favicchio
Pinar Uman

Original Certificate Applications - The following were approved:

Amber Joy Ogle Anderson
Hannah North Armsby
John Joseph Bernat
Kathryn Pepin Birkett
Lorenzo Augusto Bravo
Katherine Jones Breeding
Robert Joshua Brown
Tiffany Lowery Buff
Charles Hardee Cadwell, II
Christopher Adam Capone
Christina Maria Caropreso
Lauren Marie Casey
Simion Cherchez
Melissa Chandler Clark
Joy M. Coleman
William Neil Faircloth
Matthew Robert Favicchio
Bobby Dewayne Fitzjohn
Joseph Ryan Fleming
Amber Lund Gaffney
Brittany Marie Garka
Joseph Patrick Haney
Caché Racquel Heidel
George Talmage Hendrix, IV
Ryan Evan Hill
Lindsey Hayne Hoch

Rebecca Smith Hoke
Alyssa Marlene Jaklitsch
Ronnie Lee Johnson, II
Jason Tyler King
Jared Brannan Korver
Lyndsey Paige Lamb
Braelinn Connor Mackey
Kevin Michael Maxwell
Holley Anne Nelson
Mary Talbert Newman
Rebecca Adams Parks
Ian Crawford Parry
Sweta Mahesh Patel
Molly Anne Pfeiffer
Marla Lynn Pressley
Raenada Arshylle Sanders
Andrew Mark Scercy
Erica Nicole Sloan
Swayze Sloan Smartt
Nicole Marie Teibel
Pinar Uman
William Stephen Varnedoe, Jr.
Wen Wen
Elizabeth Dale Wicker
Laura Elizabeth Wilson
Jeshua Wright

Reciprocal Certificate Applications - The following were approved:

Muhammad Affan Akram
Anne T. M. Anderson
Aleksandra Marie Azar
Magdalyn Young Bell
Michael John Bellairs
Matthew Allen Boyer
Andrea Terrell Bradley
Drew Patrick Bryan
Jeffrey Alan Call
Robert Joseph Campbell
May Chu Cheung
Andrea Laimun Chong
Shawn Eugene Churchill
Kay Diane Comstock
Melanie Allen Connellee
Claire Elizabeth Cousins
Brian Stephen Demeter
Tracy Allen Dyer
Mary Katherine Esleeck
Heath Bradford Gorby
Heather Concoby Gray
Rashad Ibrahim
Robert John Jones
Sara Nicole Kollien
Jason Michael Lester
Stanley Wayne Mandel
William Michael McCullough

Patrick Ryan McKenney
Taborah Montia Miley
Megan DeHority Miller
Steven Lyle Nashland
James Harrison Nichols
Holly Berry Norvell
Olakunle Oluwafemi Ola
John Edgar Peterson, III
Howard Wakefield Pettengill, III
Bruce Gerard Pounder
Michael Edward Ramos
Susan Alice Rickert
Shemaine Latoya Rose
Susan Diana Sabo
Lori Ann Sexton
Kirti H. Shah
Louis George Spitzer
Michael Curran Taylor
John Paul Thomas
Mark Joseph Todd
Andrea Veneziano Trembath
John Joseph Tronolone
James Nicholas Wade
Theodore William Walls
Cristina Arrieta Wolfe
Kimberly Renee Young

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Matthew Allen Boyer T7529
Andrea Terrell Bradley T7530
Debra Michelle DeFelice T7531
Sara Renee Shelp T7532
May Chu Cheung T7533
Robert Joseph Campbell T7534
Robert John Jones T7535
Richard Daren Yan T7541
Margaret Lankford Winn T7542
Simon Ho-On Wu T7543

Jonathan Chapman Riley T7544
Michael David Wilson T7545
David Frank Kame T7546
Jacqueline Marie Bardet T7547
Martin William O'Neill T7548
Leah Marie Oleski T7549
James Leland Spangler T7550
Joseph Coco T7551
Thomas North Howard T7552
Nicole Denise Jones T7553

Matthew Patrick McDowell T7554
Richard Thomas Livingston T7555
David Lee Bublick T7556
Edward Lawrence Thompson III T7557

Garret Kovach Tripp T7558
Sarah Marie Bonfiglio T7559
Rebekah Adair Abben T7560

Reinstatements - The following were approved:

Jennifer Helms Brigman #21262
Walter Keith Davis #28971
Teresa Karen Howard #19904
Timothy Scott Nash #28718
Mark Kepner Nelson #19066

Ronald E. Odom #19431
Carl Theobald Schultz IV #32419
Elizabeth Raver Wagner #18540
Bradley Steven Wombaugh #24642

Reissuance of New Certificate - Applications for reissuance of new certificate submitted by the following were approved.

Preston Scott Edmondson #18693
Darrell Artus Sayles #8464

Reissuance of New Certificate and Consent Agreement - An application for reissuance of new certificate and consent agreement submitted by Jeremy Wayne Maxwell (#35704) was approved.

Firm Registrations - The following professional corporations, professional limited liability companies, and limited liability partnerships were approved by the Executive Director and ratified by the Board:

Larry Powers CPA, PLLC
Alicia Sisk-Morris, CPA PLLC

Retired Status Applications - The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

Daniel James Donovan #13415
William Edward Urbanczyk #13737
Donald Gray Walser #3003

CPE Matters - Staff reviewed the AICPA's *CPE Direct* self-study course offering and recommended disapproval of *CPE Direct* for CPE purposes for North Carolina CPAs. The course material does not comply with 21 NCAC 08G .0404(e). The Committee approved staff recommendation. Ms. Lynch presented the Committee recommendation

to the Board and with six (6) affirmative votes and one (1) negative vote, disapproved accepting CPE Direct for CPE purposes in North Carolina.

Examinations - The Committee reviewed a hypothetical CPA Exam application regarding the determination by staff of some of the accounting hours to be principles of accounting coursework which has a limitation of six hours. Ms. Lynch presented the hypothetical CPA Exam application information to the Board and with four (4) affirmative votes and three (3) negative votes, affirmed the accounting coursework to be principles of accounting and limited to six hours of credit

The Committee reviewed and approved the following staff-approved applicants to sit for the Uniform CPA Examination:

Freddie Acevedo	Latesha Byrd
Jennifer Aguirre	Joshua Capps
Kodjo Akakpovi	Jenna Caprara
Nicholas Alexander	Michael Carnicelli
Mikhail Alexoudis	Kelley Carter
Octavia Allen	Saad Chaudhary
Luke Allman	Abraham Chen
Evan Andert	Huan Chen
Kevin Archer	Hannah Childress
James Badgett	Ashley Chisolm
LeAnn Bagasala	Philip Clark
Catherine Baker	Christina Clarke
Norma Barnes	Janet Cochrane
Jacob Battle	Bryan Collins
Kara Baughman	Sarah Collins
Seth Bishop	Oneisha Conley
Brittany Blackwell	Charlene Cook Controne
Ellen Blankenship	Michael Cosolito
Stephanie Blonchek	Brittany Cowan
Arvel Bowers	Elizabeth Coy
Madeline Bray	Matthew Crocker
Bethany Breeden	Jessica Curry
Kimberly Brown	Mark Davis
Michael Bruce	Katherine Dowdy
Susan Brumbaugh	Rosquan Duncan
Christine Buchanan	Amber Dunn
Abigail Buddo	Michael Dunn
Mark Bumper	Kathleen Durham
Emily Bush	Antoinyce Eaton
Na-im Butler	Peter Ekenstierna

Megan Ely
James Engel
Enajevwe Eruotor
Kendra Ferguson
Michael Fillmer
Kacy Forbes
Jennifer Ford
Sarah Forman
Virginia Fritz
Rachel Gable
Nancy Gibson
Sascha Gibson
Christina Gilbert
Karen Gilsdorf
Nicole Girard
Nicholas Graham
Benjamin Hains
Paul Hardin
Felicia Harris
LaTeisha Harris
Jontae Harvey
Lauren Hatch
Dana Heinicke
Erena Hepler
Jody Hice
Mallory Hobbs
Lindsay Hoffman
Frances Holt
Tiffany Howard
Julia Howe
Farabee Hussain
Andrew Hutchings
Ruth Innocent
Brenda Jones
Gregory Journigan
Michael Kahill
William Kane
Marie Kastelic
Jordan Kay
Carolyn Kee
Tammy Kennedy
Supriya Khazanie
Steven Khoury

Lauren Killick
Adam King
Perry King
Ruth Kinyua
Jonathan Kittel
Adrienne Kruse
Georganne Kubic
Joseph Lambert
Casey Lammando
Dandan Laubacker
Bronwyn Lawrence
Molly Le
Jessica Lea
Timothy Lee
Brooke Leja
Larysa Lim
Russell Liston
Marcus Lockamy
Ashley Loftis
Sonya Long
Carrie Love
Travis Lowman
Ian Luhrs
Amber Maddox
Sarah Mali
David Markham, Jr
Joseph Marks
Marguerite Marks
Darren Marshall
Michael Martens
Blakeley Martin
Larry Martin
James Mason
Nino Matic
Donna Maultsby
Timothy Mausolf
Dananjaya Mayadunne
Matthew McLean
Robert McPherson
Mansi Mehta
Matthew Mercurio
Courtney Merton
Clayton Messer

John Metcalf
Ashley Middleton
Matthew Milbourn
Patrick Milburn
Sara Miller
Dale Millns
Yue Min
Narcisse Mondesir
Preston Moore
Saxby Morehead
Marc Morris
Jeremy Musgrave
Lindsay Nalley
Austin Newlin
Allison Newman
Kevin Neyland
Jianming Ni
Chun Nip
Kelsey Noonan
Daniel Nuccio
Gwendoline O'Brien
Maxwell Ofori
Adaora Okonkwo
Daniel Oliver
Anna Olson
Gerald Opyrchal
David Padykula
Carla Parker
Letitia Parker
Stephen Parker
Karla Patel
Mital Patel
Chad Peters
Lynda Peterson
Margret Phelps
Ljubica Pilipovic
Beverly Pressley
Robert Prim
John Reece
Nghie Reilly
Jennilee Richardson
Judyth Riddick
Leata Riggs

Fred Robinson
James Robinson
Cynthia Roeder
Ryan Rogers
Craig Roisum
Meridith Rosborough
Susan Ross
Rebecca Rothrock
Isaac Rowles
Seliseca Royster
Jessica Rubinski
Shaurnetta Russell
Bartosz Ryba
Shala Sadat
Jordan Savage
Elizabeth Saylor
Jessica Schwertner
Jatinder Sharma
Jamie Sheppard
David Shirley
Elton Shoemaker
Jyoti Singh
Joshua Sizemore
Misti Skinner
William Small
Indira Smith
Tammy Southerland
Karyn Spillers
Kristin Stafford
Kira Staggers
Tyler Stallings
Miranda Stiffler
Stephanie Swoope
Troy Tadeo
Anthony Tallarico
Hilary Taylor
Apryl Tessener
Natalie Tetterton
Tara Tripp
William True
William Tucker
Taresa Turner
Maurine Underwood

Rebecca Urquhart
Joshua VanNamee
Nicki Vaughn
Akilah Waldron
Erin Wallen
Caroline Walling
William Walters
Junyi Wang
Liping Wang
Richard Warner
Katherine Wester
Donald Weymer

Shauna Whitener
Blake Wilcox
David Williams
John Willis
Krystine Wilson
Dianne Winegarden
Amy Wood
Bradley Yacenda
Juanjuan Yan
Gayle Young
Donna Zavesky

RULE-MAKING HEARING: President Rodriguez called the Rule-Making Hearing to order to take oral and written comments for the public on 21 NCAC 08A .0301; 08F .0103; 08F .0502; 08G .0401; 08G .0403; 08G .0409; 08G .0410; 08I .0104; 08J .0105; 08J .0106; 08J .0107; 08M .0105; 08N .0202; 08N .0203; 08N .0208; and 08N .0302 as filed with the Office of Administrative Hearings and as published in the September 3, 2013, issue of the *North Carolina Register*. No person present, other than member of the Board and Board staff, made oral comments on the rules and written comments received were entered into the public record. President Rodriguez closed the Hearing. The entire Hearing is a matter of public record.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: The Executive Staff was asked to place the proposed 2014 Board meeting schedule on the agenda for the November 18, 2013, meeting.

ADJOURNMENT: Messrs. Baldwin and Glover moved to adjourn the meeting at 10:47 a.m. Motion passed.

Respectfully submitted:

Attested to by:

Robert N. Brooks
Executive Director

Jose R. Rodriguez, CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2013067

IN THE MATTER OF:
Melissa H. Israel, #29125
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 29125 as a Certified Public Accountant.
2. Respondent informed the Board on her 2012-2013 individual certificate Renewal ("Renewal") that between January 1, 2011, and June 30, 2012, she had obtained forty (40) hours of continuing professional education ("CPE"), including at least two (2) hours of ethics from an approved sponsor.
3. Based on Respondent's representation, the Board accepted her Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet her 2011 and 2012 requirements.
5. Respondent provided CPE certificates of completion to the Board as requested. However, Respondent was only able to provide certificates of completion to document thirty-nine (39) hours of the required forty (40) CPE hours earned between January 1, 2011, and June 30, 2012.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law



1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. Respondent's failure to provide adequate documentation of CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew her certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return her certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of her certificate after one (1) year from the date the Board approves this Consent Order and if Respondent's certificate and the civil penalty required in number five (5) of this Order have been timely received by the Board.
4. Respondent may apply to return her certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Forty-one (41.0) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.
5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.



6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

CONSENTED TO THIS THE 11th DAY OF September, 2013.

Melissa Israel
Respondent

APPROVED BY THE BOARD THIS THE 21 DAY OF OCTOBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2013103

IN THE MATTER OF:
William T. Lovette, III, #30505
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. William T. Lovette, III (hereinafter "Respondent"), is the holder of North Carolina certificate number 30505 as a Certified Public Accountant.
2. Prior to submitting his initial exam application on August 1, 2000, Respondent had been charged and convicted on a number of misdemeanor charges. He failed to disclose any of those charges or convictions on his initial exam application.
3. Respondent failed to disclose any charges or convictions on his re-exam applications filed on March 2, 2001, and March 3, 2003.
4. On his application for licensure submitted to the Board on September 12, 2003, Respondent failed to report those charges and convictions, and additional charges.
5. Subsequent to licensure, Respondent was charged and convicted of four (4) additional misdemeanors. He did not make any disclosures of these four (4) additional misdemeanors in his renewals for 2007, 2010, and 2013.
6. Many of the charges and convictions arose from the Respondent's repeated drinking and driving.
7. Respondent has admitted that he suffers from the disease of alcoholism and is currently seeking treatment.



Consent Order - 2
William T. Lovette, III

8. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0201 (a), .0202(a), .0202(b)(3), .0203 and .0208.
3. Per N.C. Gen. Stat. § 93-12(9), and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, William T. Lovette, III, is suspended for five years. That suspension is stayed. The stay will be lifted in the event that Respondent violates any provision of this Order, subject to the Respondent's opportunity to show cause why the stay should not be lifted.
2. Respondent shall remit, with this signed Order, a one thousand dollar (\$1,000.00) civil penalty.
3. Respondent shall actively participate in a substance abuse rehabilitation program, such as Alcoholics Anonymous, and provide the Board, on a quarterly basis, with proof from the drug rehabilitation program of Respondent's active attendance or participation in that program.
4. Respondent shall obtain and provide proof, on a quarterly basis, from a substance testing provider that Respondent has received a clean report from the provider. The testing must be for drugs and alcohol. The provider must




Consent Order - 3

William T. Lovette, III

be pre-approved by Board staff and the Board staff will randomly request a drug test from the Respondent during the term of the stayed suspension. The Respondent must comply by providing clean report from the provider within seven (7) days of the request. All testing is at the Respondent's cost.

CONSENTED TO THIS THE 17 DAY OF September, 2013.


Respondent

APPROVED BY THE BOARD THIS THE 21 DAY OF OCTOBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2013148

IN THE MATTER OF:
Elizabeth W. McMellon, #30710
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 30710 as a Certified Public Accountant.
2. Respondent informed the Board on her 2012-2013 individual certificate Renewal ("Renewal") that between January 1, 2011, and June 30, 2012, she had obtained forty (40) hours of continuing professional education ("CPE"), had completed the annual approved ethics CPE course, and had completed at least eight (8) hours of non-self-study CPE to meet the 2011 CPE requirements.
3. Based on Respondent's representation, the Board accepted her Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet her 2011 requirements.
5. Respondent provided the CPE certificates of completion to the Board as requested. Respondent was only able to provide documentation for thirteen and one-half (13.5) hours of continuing professional education ("CPE") taken between January 1, 2011, and June 30, 2012, to meet the 2011 CPE requirement.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.



BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. Respondent's failure to provide adequate documentation of ethics CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew her certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return her certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of her certificate after one (1) year from the date the Board approves this Consent Order and if Respondent's certificate and the civil penalty required in number five (5) of this Order have been timely received by the Board.
4. Respondent may apply to return her certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Sixty-six and one-half (66.5) hours of CPE in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group-study format.



5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

CONSENTED TO THIS THE 27 DAY OF September, 2013.


Respondent

APPROVED BY THE BOARD THIS THE 21 DAY OF OCTOBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 

President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #C2013157

IN THE MATTER OF:
Sheila Edmonds, #28100
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Sheila Edmonds (hereinafter "Ms. Edmonds") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Ms. Edmonds failed to timely renew or cancel the annual firm registration for Sheila Edmonds, CPA, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. Pursuant to 21 NCAC 08J .0111(3), because Ms. Edmond's infraction was for a period of more than 120 days, the appropriate penalty is \$500.00.
4. Ms. Edmonds has paid her civil penalty and consents to the entry of this Order and has waived any right to a hearing.
5. The Board members present, representing a quorum of the Board, have unanimously decided to accept Ms. Edmond's payment as full resolution of the aforementioned rules violation.

This the 21 day of OCTOBER, 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: _____
President

Financial Highlights
For the Seven Month Period Ended October 31, 2013
Compared to the Seven Month Period Ended October 31, 2012

	Budget Var.	Oct-13	Oct-12	Inc. (Dec.)
Total Revenue	-\$22,145.05	\$ 2,033,982.33	\$ 2,080,395.01	\$ (46,412.68)
■ Total Operating Revenue	-\$16,927.11	\$ 2,003,846.08	\$ 2,044,945.07	\$ (41,098.99)
❖ Total Net Non Operating Revenue	-\$5,217.94	\$ 30,136.25	\$ 35,449.94	\$ (5,313.69)
○ Total Expenses	-\$160,101.44	\$ 1,543,147.22	\$ 1,579,969.29	\$ (36,822.07)
Increase(Dec.) Net Assets for Period		\$ 490,835.11	\$ 500,425.72	\$ (9,590.61)
Total Checking and Savings		\$ 796,926.49	\$ 525,686.61	\$ 271,239.88
Total Assets		\$ 3,341,337.74	\$ 3,330,475.41	\$ 10,862.33
Full-Time/Part-time Employees		13/1	13/1	0/0

Revenues were under budget by \$22,000. Variance mainly due to reduced exam fee revenue and budgeted gift card revenue related to NASBA conference.

Actual expenses were \$160,000 under budget, primarily due to health benefit costs (\$29,350), reduced legal/litigation costs (\$29,500), board/staff travel (\$40,000), exam costs (\$32,300), and unexpended scholarships (\$8,000).

- Total operating revenue decreased this period compared to prior by \$41,000 primarily due to a decrease in exam fee revenue (\$33,800).
- ❖ Total net non operating revenue decreased this period compared to prior by \$5,300 primarily due to reduced gift card revenue.
- Total expenses decreased this period compared to prior by \$36,800 primarily due to decreased exam fee costs and reduced legal/litigation costs.

NC Board of CPA Examiners
Statement of Net Position
 As of October 31, 2013

	Oct 31, 13	Oct 31, 12
ASSETS		
Current Assets		
Checking/Savings		
1074 · Trust Atlantic Bank - MMA	486,929.29	266,717.97
1023 · BB&T Disciplinary Clearing Acct	5,300.00	200.00
1020 · BB&T Checking Acct	90,543.83	144,795.95
1021 · BB&T Savings Account	214,053.37	113,872.69
1030 · BB&T Payroll Acct	100.00	100.00
Total Checking/Savings	796,926.49	525,686.61
Other Current Assets		
1110 · Accrued CD Interest	10,751.23	8,326.89
1050 · CD Investments - Current	672,067.79	243,814.81
1165 · Deferred Lease Commissions	3,090.84	4,945.44
1126 · Accts Rec Admin Cost	7,500.00	0.00
1125 · Accts Rec Civil Penalties	2,700.00	4,000.00
1120 · Accounts Receivable	-4.55	0.00
Total Other Current Assets	696,105.31	261,087.14
Total Current Assets	1,493,031.80	786,773.75
Fixed Assets		
1330 · Land Improvement	9,240.90	9,240.90
1300 · Building	917,143.10	917,143.10
1305 · Land	300,000.00	300,000.00
1306 · Vehicle	26,622.40	26,622.40
1310 · Furniture	113,918.90	113,918.90
1320 · Equipment	196,556.31	205,132.57
1325 · Data Base Software	180,336.18	180,336.18
1390 · Accumulated Depreciation	-735,245.66	-709,633.91
Total Fixed Assets	1,008,572.13	1,042,760.14
Other Assets		
1250 · CD Investments Non-Current	839,733.81	1,500,941.52
Total Other Assets	839,733.81	1,500,941.52
TOTAL ASSETS	3,341,337.74	3,330,475.41
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2040 · Accounts Payable Civil Penalty	2,430.00	3,608.80
2005 · Due to Exam Vendors	438,875.08	467,630.16
2015 · Accrued Vacation Current	25,435.87	0.00
Total Other Current Liabilities	466,740.95	471,238.96
Total Current Liabilities	466,740.95	471,238.96

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NC Board of CPA Examiners
Statement of Net Position
 As of October 31, 2013

	Oct 31, 13	Oct 31, 12
Long Term Liabilities		
2020 · Accrued Vacation	64,207.91	77,458.20
Total Long Term Liabilities	<u>64,207.91</u>	<u>77,458.20</u>
Total Liabilities	530,948.86	548,697.16
Net Assets		
3010 · Net Assets Invest in Cap Assets	1,008,572.13	1,042,760.14
3020 · Designated for Capital Assets	100,000.00	100,000.00
3031 · Designated-Operating Expenses	300,000.00	300,000.00
3040 · Designated for Litigation	750,000.00	750,000.00
3900 · Net Assets Undesignated	160,981.64	88,592.39
Change in Net Assets	<u>490,835.11</u>	<u>500,425.72</u>
Total Net Assets	<u>2,810,388.88</u>	<u>2,781,778.25</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>3,341,337.74</u></u>	<u><u>3,330,475.41</u></u>

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NC Board of CPA Examiners

Statement of Revenues & Expense - Budget v. Actual

April 2013 through October 2013

	Apr - Oct 13	Budget	\$ Over Bud...
Ordinary Income/Expense			
Income			
Certificate Fees			
4110 · Certificates - Initial	32,900.00	31,208.31	1,691.69
4120 · Certificates - Reciprocal	15,000.00	14,000.00	1,000.00
4121 · Certificates - Recip/Temp	0.00	0.00	0.00
4130 · Certificates - Temporary	0.00	0.00	0.00
4131 · Certificates - Temp Renewal	0.00	0.00	0.00
4140 · Certificates - Renewal Fees	1,153,560.00	1,139,220.00	14,340.00
4150 · Certificates - Reinst/Revoked	1,800.00	0.00	1,800.00
4151 · Certificates - Reinst/Surr	4,900.00	6,650.00	-1,750.00
4152 · Certificates - Reinst/Retired	120.00	0.00	120.00
4160 · Certificates - Notification	0.00	0.00	0.00
4161 · Certificate - Notification RnwI	0.00	0.00	0.00
Total Certificate Fees	1,208,280.00	1,191,078.31	17,201.69
Exam Fee Revenue			
4001 · Initial Adm Fees	105,110.00	128,800.00	-23,690.00
4002 · Re-Exam Adm Fees	99,150.00	91,568.75	7,581.25
4004 · Exam Fees Revenue	598,701.93	630,000.00	-31,298.07
4060 · Equivalency Exam Fees	0.00	0.00	0.00
4070 · Transfer Exam Grade Credit	0.00	0.00	0.00
4071 · Exam Review Fees	1,500.00	0.00	1,500.00
4072 · Exam Scholarship Coupon	-12,391.60	-24,465.56	12,073.96
Total Exam Fee Revenue	792,070.33	825,903.19	-33,832.86
Misc			
4910 · Educational Program Fees	0.00	0.00	0.00
4970 · Duplicate Certificates	750.00	0.00	750.00
4980 · Copies	0.00	0.00	0.00
4990 · Miscellaneous	390.75	875.00	-484.25
Total Misc	1,140.75	875.00	265.75
Partnership Fees			
4260 · Partnership Registration Fees	0.00	0.00	0.00
4261 · Partnership Renewal Fees	0.00	0.00	0.00
Total Partnership Fees	0.00	0.00	0.00
Professional Corporation Fees			
4250 · PC Registration Fees	2,250.00	2,916.69	-666.69
4251 · PC Renewal Fees	75.00	0.00	75.00
4252 · PC Renewal Fees W/Penalties	30.00	0.00	30.00
Total Professional Corporation Fees	2,355.00	2,916.69	-561.69
Total Income	2,003,846.08	2,020,773.19	-16,927.11
Expense			
6900 · Bad Debit Expense	0.00	0.00	0.00
6690 · Over & Short	-2.04	0.00	-2.04

NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through October 2013

	Apr - Oct 13	Budget	\$ Over Bud...
Fringe Benefits			
5031 · Retirement - NCLB Contribution	33,412.79	31,905.44	1,507.35
5033 · Retirement - NCLB Administr	615.11	1,666.66	-1,051.55
5035 · Health Ins. Premiums	64,568.81	93,920.19	-29,351.38
5036 · Medical Reim Plan	22,603.74	22,750.00	-146.26
5038 · Unemployment Claims	0.00	0.00	0.00
Total Fringe Benefits	121,200.45	150,242.29	-29,041.84
Board Travel			
5120 · Board Travel - Board Meetings	9,618.82	13,720.00	-4,101.18
5121 · Board Travel - Prof Meetings	358.54	0.00	358.54
5122 · Board Travel - NASBA Annual	4,370.21	21,854.00	-17,483.79
5123 · Board Travel - NASBA Regional	2,751.55	10,225.00	-7,473.45
5124 · Board Travel - NASBA Committees	0.00	0.00	0.00
5125 · Board Travel - AICPA/NASBA	0.00	5,800.00	-5,800.00
5126 · Board Travel - NCACPA Annual	0.00	0.00	0.00
5127 · Board Travel - NCACPA/Board	1,688.14	0.00	1,688.14
5128 · Board Travel - AICPA Committees	0.00	0.00	0.00
5129 · Miscellaneous Board Costs	2,395.76	0.00	2,395.76
5133 · Board Travel - NASBA CPE	0.00	0.00	0.00
Total Board Travel	21,183.02	51,599.00	-30,415.98
Building Expenses			
5800 · Building Maintenance	419.82	1,500.00	-1,080.18
5801 · Electricity	5,403.58	7,000.00	-1,596.42
5802 · Grounds Maintenance	2,934.00	1,750.00	1,184.00
5803 · Heat & Air Maintenance	1,764.00	2,900.00	-1,136.00
5804 · Improvements	0.00	0.00	0.00
5805 · Insurance	3,818.00	4,250.00	-432.00
5807 · Janitorial Maintenance	3,325.00	3,500.00	-175.00
5808 · Pest Control Service	0.00	200.00	-200.00
5809 · Security & Fire Alarm	2,024.03	2,500.00	-475.97
5810 · Trash Collection	299.40	0.00	299.40
5811 · Water & Sewer	453.28	641.69	-188.41
Total Building Expenses	20,441.11	24,241.69	-3,800.58
Continuing Education -Staff			
5050 · Continuing Education - Staff	3,869.97	6,000.00	-2,130.03
5051 · Continuing Education - RNB	0.00	0.00	0.00
5052 · Continuing Education - Computer	0.00	0.00	0.00
Total Continuing Education -Staff	3,869.97	6,000.00	-2,130.03
Exam Postage			
5531 · Exam Postage	480.00	816.69	-336.69
Total Exam Postage	480.00	816.69	-336.69
Exam Printing			
5533 · Exam Printing	0.00	0.00	0.00
Total Exam Printing	0.00	0.00	0.00

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NC Board of CPA Examiners
Statement of Revenues & Expense - Budget v. Actual
 April 2013 through October 2013

	Apr - Oct 13	Budget	\$ Over Bud...
Exam Sitting and Grading			
5538 · Exam Vendor Expense	551,029.53	583,333.31	-32,303.78
Total Exam Sitting and Grading	551,029.53	583,333.31	-32,303.78
Exam Supplies			
5532 · Exam Supplies	0.00	0.00	0.00
Total Exam Supplies	0.00	0.00	0.00
Exam Temporary Staff			
5530-10 · Temp Employees - May	0.00	0.00	0.00
5530-20 · Temp Employees - Nov	0.00	0.00	0.00
Total Exam Temporary Staff	0.00	0.00	0.00
Investigation & Hearing Costs			
5220 · Investigator Fees	0.00	0.00	0.00
5221 · Staff Investigation Costs	0.00	0.00	0.00
5222 · Investigation Materials	6,006.06	5,833.31	172.75
5230 · Hearing Costs	1,537.85	2,916.69	-1,378.84
5231 · Rule-Making Hearing Costs	0.00	0.00	0.00
5232 · Legal Advertising	0.00	0.00	0.00
5250 · Administrative Cost Assessed	-14,644.10	-1,458.31	-13,185.79
5260 · Civil Penalties Assessed	-16,200.00	-4,375.00	-11,825.00
5261 · Civil Penalties Remitted	6,835.34	0.00	6,835.34
Total Investigation & Hearing Costs	-16,464.85	2,916.69	-19,381.54
Legal Expense			
5140 · Legal Counsel - Administrative	12,497.66	14,000.00	-1,502.34
5141 · Legal Counsel - Spec Projects	0.00	0.00	0.00
5210 · Legal Counsel - Prof Standards	735.00	7,000.00	-6,265.00
5211 · Legal Counsel - Litigation	0.00	2,500.00	-2,500.00
Total Legal Expense	13,232.66	23,500.00	-10,267.34
Misc Personnel			
5034 · Misc. Payroll Deduction	0.00	350.00	-350.00
5037 · HSA Deduction	0.00	0.00	0.00
5090 · Flowers, Gifts, Etc.	159.22	0.00	159.22
5091 · Staff Recruiting	299.00	0.00	299.00
5092 · Misc. Personnel Costs	1,239.71	1,400.00	-160.29
Total Misc Personnel	1,697.93	1,750.00	-52.07
Office Expense			
5301 · Equipment Rent	889.81	900.00	-10.19
5310 · Decorations	0.00	0.00	0.00
5320 · Payroll Service	1,026.79	1,108.31	-81.52
5360 · Telephone	3,328.71	4,083.31	-754.60
5361 · Internet & Website	2,309.30	2,333.31	-24.01
5390 · Clipping Service	2,013.71	2,625.00	-611.29
5400 · Computer Prog/Assistance	519.99	1,400.00	-880.01
5405 · Computer Software Maintenance	30,109.38	26,250.00	3,859.38
5410 · Dues	7,485.00	8,500.00	-1,015.00
5420 · Insurance	11,651.00	15,500.00	-3,849.00
5430 · Audit Fees	7,700.00	7,700.00	0.00
5435 · Consulting Services	0.00	583.31	-583.31

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NC Board of CPA Examiners

Statement of Revenues & Expense - Budget v. Actual

April 2013 through October 2013

	Apr - Oct 13	Budget	\$ Over Bud...
5440 · Misc Office Expense	630.00	1,000.00	-370.00
5445 · Banking Fees	2,635.52	2,450.00	185.52
5450 · Credit Card Fees	34,174.93	25,666.69	8,508.24
Total Office Expense	104,474.14	100,099.93	4,374.21
Per Diem - Board			
5110 · Per Diem - Board Meetings	6,750.00	8,400.00	-1,650.00
5111 · Per Diem - Prof Meetings	100.00	2,333.31	-2,233.31
5112 · Per Diem - NASBA Annual	0.00	3,500.00	-3,500.00
5113 · Per Diem - NASBA Regional	1,100.00	2,000.00	-900.00
5114 · Per Diem - NASBA Committees	400.00	0.00	400.00
5115 · Per Diem - AICPA/NASBA	0.00	0.00	0.00
5116 · Per Diem - NCACPA Annual	0.00	0.00	0.00
5117 · Per Diem - NCACPA/Board	200.00	0.00	200.00
5118 · Per Diem - AICPA Committees	0.00	0.00	0.00
5119 · Per Diem - Miscellaneous	0.00	0.00	0.00
5130 · Clerical Reimbursement	0.00	0.00	0.00
5135 · Per Diem - NASBA CPE	0.00	0.00	0.00
Total Per Diem - Board	8,550.00	16,233.31	-7,683.31
Postage			
5345 · Postage - UPS	6,542.70	5,000.00	1,542.70
5340 · Postage - Other	2,395.92	9,333.31	-6,937.39
5341 · Postage - Newsletter	43,850.00	38,500.00	5,350.00
5342 · Postage - Business Reply	600.00	1,458.31	-858.31
5343 · Postage - Renewal	720.00	1,166.69	-446.69
5344 · Postage - Rulebook	0.00	0.00	0.00
Total Postage	54,108.62	55,458.31	-1,349.69
Printing			
5330 · Printing - Other	1,601.80	3,500.00	-1,898.20
5331 · Printing - Newsletter	24,884.61	30,333.31	-5,448.70
5332 · Printing - Special Projects	0.00	0.00	0.00
5333 · Printing - Renewal	0.00	0.00	0.00
5334 · Printing - Rulebook	0.00	0.00	0.00
5335 · Mailing Label Printing	0.00	0.00	0.00
Total Printing	26,486.41	33,833.31	-7,346.90
Repairs & Maintenance			
5380 · Repairs - Misc.	0.00	0.00	0.00
5381 · Maintenance - Copiers	925.06	1,458.31	-533.25
5382 · Maintenance - Computer	0.00	1,152.06	-1,152.06
5383 · Maintenance - Postage	550.00	306.25	243.75
Total Repairs & Maintenance	1,475.06	2,916.62	-1,441.56
Salaries & Payroll Taxes			
5040 · State Unemployment Tax	289.88	0.00	289.88
5010 · Staff Salaries	557,546.13	555,996.86	1,549.27
5020 · Part-Time Staff Salaries	6,505.75	7,254.40	-748.65
5021 · Temporary Contractors	13.75	0.00	13.75
5030 · FICA Taxes	42,139.12	41,246.94	892.18
Total Salaries & Payroll Taxes	606,494.63	604,498.20	1,996.43

Statement of Revenues & Expense - Budget v. Actual

April 2013 through October 2013

	Apr - Oct 13	Budget	\$ Over Bud...
Scholarships			
5535 · Scholarship	2,000.00	10,000.00	-8,000.00
Total Scholarships	2,000.00	10,000.00	-8,000.00
Staff Travel			
5060 · Staff Travel - Local	185.47	1,312.50	-1,127.03
5061 · Staff Travel - Prof Mtgs	351.16	2,070.81	-1,719.65
5062 · Staff Travel - NASBA CPE	0.00	0.00	0.00
5063 · Staff Travel - NASBA Ethics	0.00	0.00	0.00
5070 · Staff Travel - NASBA Annual	3,359.48	9,366.00	-6,006.52
5071 · Staff Travel - NASBA Regional	5,448.86	6,135.00	-686.14
5072 · Staff Travel - NASBA Administr	9.00	0.00	9.00
5073 · Staff Travel - NASBA Committee	33.90	0.00	33.90
5074 · Staff Travel - AICPA	0.00	700.00	-700.00
5075 · Staff Travel - NCACPA Annual	336.00	0.00	336.00
5076 · Staff Travel - NCACPA/Board	42.00	0.00	42.00
5077 · Staff Travel - Clear Conference	0.00	0.00	0.00
5078 · Staff Travel - Vehicle	3,785.21	3,500.00	285.21
5080 · Staff Travel - Univ Dialogue	0.00	0.00	0.00
Total Staff Travel	13,551.08	23,084.31	-9,533.23
Subscriptions/References			
5370 · Subscriptions/References	-235.60	2,333.31	-2,568.91
Total Subscriptions/References	-235.60	2,333.31	-2,568.91
Supplies			
5350 · Supplies - Office	2,870.15	3,791.69	-921.54
5351 · Supplies - Copier	1,618.00	2,100.00	-482.00
5352 · Supplies - Computer	5,086.95	4,500.00	586.95
5353 · Supplies - Special Projects	0.00	0.00	0.00
Total Supplies	9,575.10	10,391.69	-816.59
5920 · Funded Depreciation	0.00	0.00	0.00
6999 · Uncategorized Expenses	0.00	0.00	0.00
9999 · Suspense	0.00	0.00	0.00
Total Expense	1,543,147.22	1,703,248.66	-160,101.44
Net Ordinary Income	460,698.86	317,524.53	143,174.33
Other Income/Expense			
Other Income			
8250 · Gift Card Revenue	0.00	7,500.00	-7,500.00
Interest Income			
8500 · Interest Income - MMAs	649.48	0.00	649.48
8505 · Interest Income - BB&T BUS IDA	0.00	0.00	0.00
8510 · Interest Income - CDs	11,226.77	9,654.19	1,572.58
8520 · Interest Income - Prudential TB	0.00	0.00	0.00
8530 · Interest Income - Wachovia MM	0.00	0.00	0.00
Total Interest Income	11,876.25	9,654.19	2,222.06

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NC Board of CPA Examiners

Statement of Revenues & Expense - Budget v. Actual

April 2013 through October 2013

	Apr - Oct 13	Budget	\$ Over Bud...
8200 · Rental Income	18,025.00	18,200.00	-175.00
8920 · Gain on Sale of Fixed Assets	235.00	0.00	235.00
8921 · Loss on Sale of Fixed Assets	0.00	0.00	0.00
Total Other Income	30,136.25	35,354.19	-5,217.94
Other Expense			
7000 · Leasing Commission	0.00	0.00	0.00
Total Other Expense	0.00	0.00	0.00
Net Other Income	30,136.25	35,354.19	-5,217.94
Change in Net Assets	490,835.11	352,878.72	137,956.39

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - Oct 13	Apr - Oct 12
Ordinary Income/Expense		
Income		
Certificate Fees		
4110 · Certificates - Initial	32,900.00	32,600.00
4120 · Certificates - Reciprocal	15,000.00	12,800.00
4140 · Certificates - Renewal Fees	1,153,560.00	1,127,400.00
4150 · Certificates - Reinst/Revoked	1,800.00	2,200.00
4151 · Certificates - Reinst/Surr	4,900.00	4,100.00
4152 · Certificates - Reinst/Retired	120.00	0.00
Total Certificate Fees	<u>1,208,280.00</u>	<u>1,179,100.00</u>
Exam Fee Revenue		
4001 · Initial Adm Fees	105,110.00	115,230.00
4002 · Re-Exam Adm Fees	99,150.00	97,125.00
4004 · Exam Fees Revenue	598,701.93	649,428.92
4071 · Exam Review Fees	1,500.00	0.00
4072 · Exam Scholarship Coupon	-12,391.60	-10,354.85
Total Exam Fee Revenue	<u>792,070.33</u>	<u>851,429.07</u>
Misc		
4970 · Duplicate Certificates	750.00	775.00
4990 · Miscellaneous	390.75	496.00
Total Misc	<u>1,140.75</u>	<u>1,271.00</u>
Partnership Fees		
4261 · Partnership Renewal Fees	0.00	810.00
Total Partnership Fees	<u>0.00</u>	<u>810.00</u>
Professional Corporation Fees		
4250 · PC Registration Fees	2,250.00	3,000.00
4251 · PC Renewal Fees	75.00	9,325.00
4252 · PC Renewal Fees W/Penalties	30.00	10.00
Total Professional Corporation Fees	<u>2,355.00</u>	<u>12,335.00</u>
Total Income	2,003,846.08	2,044,945.07
Expense		
6900 · Bad Debit Expense	0.00	981.71
6690 · Over & Short	-2.04	-0.07
Fringe Benefits		
5031 · Retirement - NCLB Contribution	33,412.79	25,712.45
5033 · Retirement - NCLB Administr	615.11	1,439.15
5035 · Health Ins. Premiums	64,568.81	62,130.23
5036 · Medical Reim Plan	22,603.74	23,238.84
Total Fringe Benefits	<u>121,200.45</u>	<u>112,520.67</u>

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - Oct 13	Apr - Oct 12
Board Travel		
5120 · Board Travel - Board Meetings	9,618.82	11,004.41
5121 · Board Travel - Prof Meetings	358.54	85.53
5122 · Board Travel - NASBA Annual	4,370.21	1,819.49
5123 · Board Travel - NASBA Regional	2,751.55	3,989.51
5127 · Board Travel - NCACPA/Board	1,688.14	2,934.34
5129 · Miscellaneous Board Costs	2,395.76	149.46
Total Board Travel	21,183.02	19,982.74
Building Expenses		
5800 · Building Maintenance	419.82	466.23
5801 · Electricity	5,403.58	6,243.21
5802 · Grounds Maintenance	2,934.00	953.81
5803 · Heat & Air Maintenance	1,764.00	2,149.41
5805 · Insurance	3,818.00	4,218.00
5807 · Janitorial Maintenance	3,325.00	3,325.00
5809 · Security & Fire Alarm	2,024.03	2,150.31
5810 · Trash Collection	299.40	310.82
5811 · Water & Sewer	453.28	463.00
Total Building Expenses	20,441.11	20,279.79
Continuing Education -Staff		
5050 · Continuing Education - Staff	3,869.97	2,804.20
Total Continuing Education -Staff	3,869.97	2,804.20
Exam Postage		
5531 · Exam Postage	480.00	360.00
Total Exam Postage	480.00	360.00
Exam Sitting and Grading		
5538 · Exam Vendor Expense	551,029.53	608,622.12
Total Exam Sitting and Grading	551,029.53	608,622.12
Investigation & Hearing Costs		
5222 · Investigation Materials	6,006.06	4,847.96
5230 · Hearing Costs	1,537.85	2,370.55
5250 · Administrative Cost Assessed	-14,644.10	-5,931.50
5260 · Civil Penalties Assessed	-16,200.00	-12,100.00
5261 · Civil Penalties Remitted	6,835.34	9,147.75
Total Investigation & Hearing Costs	-16,464.85	-1,665.24
Legal Expense		
5140 · Legal Counsel - Administrative	12,497.66	10,876.02
5210 · Legal Counsel - Prof Standards	735.00	8,565.00
Total Legal Expense	13,232.66	19,441.02

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - Oct 13	Apr - Oct 12
Misc Personnel		
5034 · Misc. Payroll Deduction	0.00	0.00
5037 · HSA Deduction	0.00	0.00
5090 · Flowers, Gifts, Etc.	159.22	0.00
5091 · Staff Recruiting	299.00	714.00
5092 · Misc. Personnel Costs	1,239.71	387.40
Total Misc Personnel	1,697.93	1,101.40
Office Expense		
5301 · Equipment Rent	889.81	444.90
5320 · Payroll Service	1,026.79	852.00
5360 · Telephone	3,328.71	3,964.46
5361 · Internet & Website	2,309.30	2,181.25
5390 · Clipping Service	2,013.71	1,988.05
5400 · Computer Prog/Assistance	519.99	1,080.00
5405 · Computer Software Maintenance	30,109.38	21,992.50
5410 · Dues	7,485.00	8,000.00
5420 · Insurance	11,651.00	10,598.00
5430 · Audit Fees	7,700.00	7,400.00
5440 · Misc Office Expense	630.00	222.50
5445 · Banking Fees	2,635.52	2,399.75
5450 · Credit Card Fees	34,174.93	33,510.90
Total Office Expense	104,474.14	94,634.31
Per Diem - Board		
5110 · Per Diem - Board Meetings	6,750.00	5,206.64
5111 · Per Diem - Prof Meetings	100.00	2,637.52
5113 · Per Diem - NASBA Regional	1,100.00	1,000.00
5114 · Per Diem - NASBA Committees	400.00	1,300.00
5117 · Per Diem - NCACPA/Board	200.00	200.00
Total Per Diem - Board	8,550.00	10,344.16
Postage		
5345 · Postage - UPS	6,542.70	0.00
5340 · Postage - Other	2,395.92	5,812.75
5341 · Postage - Newsletter	43,850.00	41,271.64
5342 · Postage - Business Reply	600.00	650.00
5343 · Postage - Renewal	720.00	540.00
Total Postage	54,108.62	48,274.39
Printing		
5330 · Printing - Other	1,601.80	3,498.51
5331 · Printing - Newsletter	24,884.61	24,416.21
Total Printing	26,486.41	27,914.72
Repairs & Maintenance		
5381 · Maintenance - Copiers	925.06	832.26
5383 · Maintenance - Postage	550.00	550.00
Total Repairs & Maintenance	1,475.06	1,382.26

NC Board of CPA Examiners
Statement of Revenues & Expenses
 Year-to-Date Comparison

	Apr - Oct 13	Apr - Oct 12
Salaries & Payroll Taxes		
5040 · State Unemployment Tax	289.88	0.00
5010 · Staff Salaries	557,546.13	531,311.19
5020 · Part-Time Staff Salaries	6,505.75	7,188.25
5021 · Temporary Contractors	13.75	26.71
5030 · FICA Taxes	42,139.12	40,067.66
Total Salaries & Payroll Taxes	606,494.63	578,593.81
Scholarships		
5535 · Scholarship	2,000.00	5,000.00
Total Scholarships	2,000.00	5,000.00
Staff Travel		
5060 · Staff Travel - Local	185.47	105.47
5061 · Staff Travel - Prof Mtgs	351.16	339.46
5070 · Staff Travel - NASBA Annual	3,359.48	6,078.69
5071 · Staff Travel - NASBA Regional	5,448.86	4,483.57
5072 · Staff Travel - NASBA Administr	9.00	87.92
5073 · Staff Travel - NASBA Committee	33.90	-1,079.50
5074 · Staff Travel - AICPA	0.00	2,668.04
5075 · Staff Travel - NCACPA Annual	336.00	33.07
5076 · Staff Travel - NCACPA/Board	42.00	1,250.97
5077 · Staff Travel - Clear Conference	0.00	785.11
5078 · Staff Travel - Vehicle	3,785.21	3,986.52
5080 · Staff Travel - Univ Dialogue	0.00	49.39
Total Staff Travel	13,551.08	18,788.71
Subscriptions/References		
5370 · Subscriptions/References	-235.60	2,343.77
Total Subscriptions/References	-235.60	2,343.77
Supplies		
5350 · Supplies - Office	2,870.15	3,646.91
5351 · Supplies - Copier	1,618.00	1,256.40
5352 · Supplies - Computer	5,086.95	3,361.51
Total Supplies	9,575.10	8,264.82
9999 · Suspense	0.00	0.00
Total Expense	1,543,147.22	1,579,969.29
Net Ordinary Income	460,698.86	464,975.78
Other Income/Expense		
Other Income		
8250 · Gift Card Revenue	0.00	1,700.00
Interest Income		
8500 · Interest Income - MMAs	649.48	202.68
8510 · Interest Income - CDs	11,226.77	16,047.26
Total Interest Income	11,876.25	16,249.94

11/05/13

NC Board of CPA Examiners
Statement of Revenues & Expenses
Year-to-Date Comparison

	<u>Apr - Oct 13</u>	<u>Apr - Oct 12</u>
8200 · Rental Income	18,025.00	17,500.00
8920 · Gain on Sale of Fixed Assets	235.00	0.00
Total Other Income	<u>30,136.25</u>	<u>35,449.94</u>
Net Other Income	<u>30,136.25</u>	<u>35,449.94</u>
Change in Net Assets	<u><u>490,835.11</u></u>	<u><u>500,425.72</u></u>

NC State Board of CPA Examiners - CD Portfolio
As of October 31, 2013

As of March 31

Due < 1 yr Due > 1 yr

Bank Name	Purchased	Amount	Rate	Maturity	Terms	Classification	
GE Capital	4/4/2013	\$203,124	1.150%	5/4/2014	13 mos		\$203,124
GE Capital	11/7/2012	\$140,647	1.170%	11/7/2014	24 mos		\$140,647
Capital Bank	12/13/2011	\$217,509	1.150%	12/13/2013	24 mos	\$217,509	
Capital Bank	1/24/2012	\$253,206	1.150%	1/24/2014	24 mos	\$253,206	
Bank of NC	8/29/2012	\$201,352	1.170%	2/28/2014	18 mos	\$201,352	
Trust Atlantic Bank	7/30/2012	\$246,911	1.050%	7/30/2014	24 mos		\$246,911
Vantage South Bank	10/29/2012	\$249,052	1.010%	10/29/2014	24 mos		\$249,052
TOTAL		\$1,511,802				\$ 672,068	\$ 839,734

Certificates of deposit maturing within one year are shown as current.

Guide To Reading The Rules As Changed By The Rule Review Commission (RRC) Staff Attorney

Amanda Reeder, Esq., one of two Staff Attorneys for the RRC, was assigned our rules for review. We met with Ms. Reeder for two hours discussing her review of our rules and her concerns that may likely be concerns of the RRC members when our rules go before them for review and approval in December. We have addressed all her concerns in the attached rules to follow beginning rule 08A .0301. Since there are numerous changes, the original rule text filed with the RRC would look like (m) on page 2 of this rule. New wording by Ms. Reeder would look like the **last sentence in (a) of this rule.** Wording that Ms. Reeder determined that is not necessary would look like ~~(b)(3) of this rule.~~

21 NCAC 08F .0103 FILING OF EXAMINATION APPLICATIONS AND FEES

(a) All applications for CPA examinations shall be filed with the Board, **and** accompanied by the examination fee. The Board sets the fee for each examination at the amount that enables the Board to recover its actual costs of examination services. If a check or credit card authorization fails to clear the bank, the application shall be deemed incomplete and returned. **CPA Exam applications and fee information are on the Board's website at www.nccpaboard.gov.**

(b) The initial application filed to take the examination shall include supporting documentation demonstrating that all legal requirements have been met, such as:

- (1) minimum legal age;
- (2) education; **and**
- ~~(3) — experience, if required in order to qualify for the examination; and~~
- ~~(4) (3)~~ good moral character.

(c) Any person born outside the United States shall furnish to the Board office evidence of citizenship; evidence of resident alien status; or

- (1) other bona fide evidence that the applicant is legally allowed to remain in the United States for the purposes of becoming a U.S. citizen; or
- (2) a notarized affidavit of intention to become a U.S. citizen; or
- (3) evidence that the applicant is a citizen of a foreign jurisdiction which extends to citizens of this state like or similar privileges to be examined.

(d) Official transcripts (originals – not photocopies) signed by the college registrar and bearing the college seal are required to prove education and degree requirements. A letter from the college registrar of the school may be filed as documentation that the applicant has met the graduation requirements if the degree has not been awarded and posted

(e) No additional statements or affidavits regarding education are required for applications for re-examination.

~~In order to document good moral character as required by G.S. 93-12(5), three certificates of good moral character signed by persons not related by blood or marriage to the applicant shall accompany the application.~~

(f) In order to document good moral character as required by G.S. 93-12(5), three certificates of good moral character signed by persons not related by blood or marriage to the applicant shall accompany the application.

~~No additional statements or affidavits regarding education are required for applications for re-examination.~~

(g) An applicant shall include as part of any application for the CPA examination a statement of explanation and a certified copy final disposition if the applicant has been arrested, charged, convicted or found guilty of, received a prayer for judgment continued or pleaded *nolo contendere* to any criminal offense.

(h) If an applicant has been denied any license by any state or federal agency, the applicant shall include as part of the application for the CPA examination a statement explaining such denial. An applicant shall include a statement of explanation and a certified copy of applicable license records if the applicant has been registered with or licensed by a state or federal agency and has been disciplined by that agency.

(i) Two identical photographs shall accompany the application for the CPA examination and the application for the CPA certificate. These photographs shall be of the applicant alone, 2x2 inches in size, front view, full face, taken in normal street attire without a hat or dark glasses, printed on thin paper with a plain light background and taken within the last six months. Photographs may be in black and white or in color. Photographs retouched so that the applicant's appearance is changed are unacceptable. Applicants shall write their names on the back of their photos.

(j) If an applicant's name has legally changed and is different from the name on any transcript or other document supplied to the Board, the applicant shall furnish copies of the documents legally authorizing the name change.

(k) Candidates shall file initial and re-exam applications to sit for the CPA Examination on forms provided by the Board.

(l) Examination fees are valid for a six-month period from the date of the applicant's notice to schedule for the examination from the examination vendor.

(m) No application for examination shall be considered while the applicant is serving a sentence for any criminal offense. Serving a sentence includes incarceration, probation (supervised or unsupervised), parole, or conditionally suspended sentence, any of which are imposed as a result of having been convicted or having plead to a criminal charge.

History Note: Authority G.S. 93-12(3); 93-12(4); 93-12(5); 93-12(7);

Eff. February 1, 1976;

Readopted Eff. September 26, 1977;

Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; August 1, 1998; February 1, 1996; April 1, 1994; March 1, 1990; May 1, 1989.

21 NCAC 08A .0301 is proposed to be amended as follows:

21 NCAC 08A .0301 DEFINITIONS

(a) The definitions set out in G.S. 93-1(a) apply when those defined terms are used in this Chapter.

(b) In addition to the definitions set out in G.S. 93-1(a), the following definitions and other definitions in this Section apply when these terms are used in this Chapter:

- (1) "Active," when used to refer to the status of a person, describes a person who possesses a North Carolina certificate of qualification and who has not otherwise been granted ~~"Retired"~~ or "Inactive" status;
- (2) "Agreed upon procedures" means a professional service whereby a CPA is engaged to issue a report of findings based on specific procedures performed on financial information prepared by a responsible party;
- (3) "AICPA" means the American Institute of Certified Public Accountants;
- (4) "Applicant" means a person who has applied to take the CPA examination or applied for a certificate of qualification;
- (5) "Attest service or assurance service" means:
 - (A) any audit or engagement to be performed in accordance with the Statements on Auditing Standards, Statements on Generally Accepted Governmental Auditing Standards, and Public Company Accounting Oversight Board Auditing Standards;
 - (B) any review or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services;
 - (C) any compilation or engagement to be performed in accordance with the Statements on Standards for Accounting and Review Services; or
 - (D) any agreed-upon procedure or engagement to be performed in accordance with the Statements on Standards for Attestation Engagements;
- (6) "Audit" means a professional service whereby a CPA is engaged to examine financial statements, items, accounts, or elements of a financial statement, prepared by management, in order to express an opinion on whether the financial statements, items, accounts, or elements of a financial statement are presented in conformity with generally accepted accounting principles or other comprehensive basis of accounting;
- (7) "Calendar year" means the 12 months beginning January 1 and ending December 31;
- (8) "Candidate" means a person whose application to take the CPA examination has been accepted by the Board and who may sit for the CPA examination;
- (9) "Client" means a person or an entity who orally or in writing agrees with a licensee to receive any professional services performed or delivered in this State;
- (10) "Commission" means compensation, except a referral fee, for recommending or referring any product or service to be supplied by another person;

- 1 (11) "Compilation" means a professional service whereby a CPA is engaged to present, in the form of
2 financial statements, information that is the representation of management without undertaking to
3 express any assurance on the statements;
- 4 (12) "Contingent fee" means a fee established for the performance of any service pursuant to an
5 arrangement in which no fee will be charged unless a specified finding or result is attained, or in
6 which the amount of the fee is otherwise dependent upon the finding or result of such service;
- 7 (13) "CPA" means certified public accountant;
- 8 (14) "CPA firm" means a sole proprietorship, a partnership, a professional corporation, a professional
9 limited liability company, or a registered limited liability partnership which uses "certified public
10 accountant(s)" or "CPA(s)" in or with its name or offers to or renders any attest services in the
11 public practice of accountancy;
- 12 (15) "CPE" means continuing professional education;
- 13 (16) "Disciplinary action" means revocation or suspension of, or refusal to grant, membership, or the
14 imposition of a reprimand, probation, constructive comment, or any other penalty or condition;
- 15 (17) "FASB" means the Financial Accounting Standards Board;
- 16 (18) "Forecast" means prospective financial statements that present, to the best of the responsible
17 party's knowledge and belief, an entity's expected financial position, results of operations, and
18 changes in financial position or cash flows that are based on the responsible party's assumptions
19 reflecting conditions the entity expects to exist and the course of action the entity expects to take;
- 20 (19) "GASB" means the Governmental Accounting Standards Board;
- 21 (20) "Inactive," when used to refer to the status of a person, describes one who has requested inactive
22 status and been approved by the Board and who does not use the title "certified public accountant"
23 nor does he or she allow anyone to refer to him or her as a "certified public accountant," and
24 neither he nor she nor anyone else refers to him or her in any representation as described in **Rule**
25 **21 NCAC-08A .0308(b) of this Section** ;
- 26 (21) "IRS" means the Internal Revenue Service;
- 27 (22) "Jurisdiction" means any state or territory of the United States or the District of Columbia;
- 28 (23) "License year" means the 12 months beginning July 1 and ending June 30;
- 29 (24) "Member of a CPA firm" means any CPA who has an equity ownership interest in a CPA firm;
- 30 (25) "NASBA" means the National Association of State Boards of Accountancy;
- 31 (26) "NCACPA" means the North Carolina Association of Certified Public Accountants;
- 32 (27) "North Carolina office" means any office physically located in North Carolina;
- 33 (28) "Person" means any natural person, corporation, partnership, professional limited liability
34 company, registered limited liability partnership, unincorporated association, or other entity;
- 35 (29) "Professional" means arising out of or related to the particular knowledge or skills associated with
36 CPAs;

- (30) "Projection" means prospective financial statements that present, to the best of the responsible party's knowledge and belief, given one or more hypothetical assumptions, an entity's expected financial position, results of operations, and changes in financial position or cash flows that are based on the responsible party's assumptions reflecting conditions it expects would exist and the course of action it expects would be taken given such hypothetical assumptions;
- (31) "Referral fee" means compensation for recommending or referring any service of a CPA to any person;
- (32) ~~"Retired," when used to refer to the status of a person, describes one possessing a North Carolina certificate of qualification who verifies to the Board that the applicant does not receive or intend to receive in the future any earned compensation for current personal services in any job whatsoever and will not return to active status. However, retired status does not preclude volunteer services for which the retired CPA receives no direct or indirect compensation so long as the retired CPA does not sign any documents, related to such services, as a CPA;~~
- ~~(33)~~(32) "Revenue Department" means the North Carolina Department of Revenue;
- ~~(34)~~(33) "Review" means a professional service whereby a CPA is engaged to perform procedures, limited to analytical procedures and inquiries, to obtain a reasonable basis for expressing limited assurance on whether any material modifications should be made to the financial statements for them to be in conformity with generally accepted accounting principles or other comprehensive basis of accounting;
- ~~(35)~~(34) "Reviewer" means a member of a review team including the review team captain;
- ~~(36)~~(35) "Suspension" means a revocation for a specified period of time. A CPA may be reinstated after a specific period of time if the CPA has met all conditions imposed by the Board at the time of suspension;
- ~~(37)~~(36) "Trade name" means a name used to designate a business enterprise;
- ~~(38)~~(37) "Work papers" mean the CPA's records of the procedures applied, the tests performed, the information obtained, and the conclusions reached in attest services, tax, consulting, special report, or other engagement. Work papers include programs used to perform professional services, analyses, memoranda, letters of confirmation and representation, checklists, copies or abstracts of company documents, and schedules of commentaries prepared or obtained by the CPA. The forms include handwritten, typed, printed, word processed, photocopied, photographed, computerized data, or any other form of letters, words, pictures, sounds or symbols; and
- ~~(39)~~(38) "Work product" means the end result of the engagement for the client which may include a tax return, attest or assurance report, consulting report, and financial plan. The forms include handwritten, typed, word processed, photocopied, photographed, computerized data, or in any other form of letters, words, pictures, sounds, or symbols.

1 (c) Any requirement to comply by a specific date to the Board that falls on a weekend or federal holiday shall be
2 received as in compliance if postmarked by U.S. Postal Service cancellation, by that date, if received by a private
3 delivery service by that date, or received in the Board office on the next business day.

4
5 *History Note:* Authority G.S. 93-1; 93-12;

6 *Eff. February 1, 1976;*

7 *Readopted Eff. September 26, 1977;*

8 *Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; April 1,*
9 *1999; August 1, 1998; February 1, 1996; April 1, 1994; September 1, 1992.*

21 NCAC 08F .0103 is proposed to be amended as follows:

21 NCAC 08F .0103 FILING OF EXAMINATION APPLICATIONS AND FEES

(a) All applications for CPA examinations shall be filed with the Board, and accompanied by the examination fee. The Board sets the fee for each examination at the amount that enables the Board to recover its actual costs of examination services. If a check or credit card authorization fails to clear the bank, the application shall be deemed incomplete and returned. CPA Exam applications and fee information are on the Board's website at www.nccpaboard.gov.

(b) The initial application filed to take the examination shall include supporting documentation demonstrating that all legal requirements have been met, such as:

- (1) minimum legal age;
- (2) education; and
- ~~(3) —experience, if required in order to qualify for the examination; and~~
- ~~(4)~~ (3) good moral character.

(c) Any person born outside the United States shall furnish to the Board office evidence of citizenship; evidence of resident alien status; or

- (1) other bona fide evidence that the applicant is legally allowed to remain in the United States for the purposes of becoming a U.S. citizen; or
- (2) a notarized affidavit of intention to become a U.S. citizen; or
- (3) evidence that the applicant is a citizen of a foreign jurisdiction which extends to citizens of this state like or similar privileges to be examined.

(d) Official transcripts (originals – not photocopies) signed by the college registrar and bearing the college seal are required to prove education and degree requirements. A letter from the college registrar of the school may be filed as documentation that the applicant has met the graduation requirements if the degree has not been awarded and posted to the transcript. ~~However, no~~ No examination grades shall be released until an official transcript is filed with the Board confirming the ~~information supplied in~~ education requirement as stated in the college registrar's letter.

(e) No additional statements or affidavits regarding education are required for applications for re-examination.

~~In order to document good moral character as required by G.S. 93-12(5), three certificates of good moral character signed by persons not related by blood or marriage to the applicant shall accompany the application.~~

(f) In order to document good moral character as required by G.S. 93-12(5), three certificates of good moral character signed by persons not related by blood or marriage to the applicant shall accompany the application.

~~No additional statements or affidavits regarding education are required for applications for re-examination.~~

1 (g) An applicant shall include as part of any application for the CPA examination a statement of explanation and a
2 certified copy final disposition if the applicant has been arrested, charged, convicted or found guilty of, received a
3 prayer for judgment continued or pleaded *nolo contendere* to any criminal offense.

4 (h) If an applicant has been denied any license by any state or federal agency, the applicant shall include as part of
5 the application for the CPA examination a statement explaining such denial. An applicant shall include a statement
6 of explanation and a certified copy of applicable license records if the applicant has been registered with or licensed
7 by a state or federal agency and has been disciplined by that agency.

8 (i) Two identical photographs shall accompany the application for the CPA examination and the application for the
9 CPA certificate. These photographs shall be of the applicant alone, 2x2 inches in size, front view, full face, taken in
10 normal street attire without a hat or dark glasses, printed on thin paper with a plain light background and taken
11 within the last six months. Photographs may be in black and white or in color. Photographs retouched so that the
12 applicant's appearance is changed are unacceptable. Applicants shall write their names on the back of their photos.

13 (j) If an applicant's name has legally changed and is different from the name on any transcript or other document
14 supplied to the Board, the applicant shall furnish copies of the documents legally authorizing the name change.

15 (k) Candidates shall file initial and re-exam applications to sit for the CPA Examination on forms provided by the
16 Board.

17 (l) Examination fees are valid for a six-month period from the date of the applicant's notice to schedule for the
18 examination from the examination vendor.

19 (m) No application for examination shall be considered while the applicant is serving a sentence for any criminal
20 offense. Serving a sentence includes incarceration, probation (supervised or unsupervised), parole, or conditionally
21 suspended sentence, any of which are imposed as a result of having been convicted or having plead to a criminal
22 charge.

23
24 *History Note: Authority G.S. 93-12(3); 93-12(4); 93-12(5); 93-12(7);*

25 *Eff. February 1, 1976;*

26 *Readopted Eff. September 26, 1977;*

27 *Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; January 1, 2004; August 1,*
28 *1998; February 1, 1996; April 1, 1994; March 1, 1990; May 1, 1989.*

21 NCAC 08F .0502 is proposed to be amended as follows:

21 NCAC 08F .0502 APPLICATION FOR CPA CERTIFICATE

(a) A person applying for a certificate of qualification must file with the Board an application and an experience affidavit on forms provided by the Board and ~~such~~ other evidence as the Board may require in order to determine that the applicant has met the statutory and regulatory requirements. **CPA certificate applications and fee information are on the Board's website at www.nccpaboard.gov.**

(b) Three certificates of good moral character signed by CPAs shall be submitted with the application for a CPA certificate.

(c) An applicant shall include as part of any application for a CPA certificate a statement of explanation and a certified copy of final disposition if the applicant has been arrested, charged, convicted or found guilty of, received a prayer for judgment continued or pleaded *nolo contendere* to any criminal offense. If an applicant has been denied any license by any state or federal agency, the applicant shall also include as part of the application for the CPA certificate a statement explaining such denial. An applicant shall include a statement of explanation and a certified copy of applicable license records if the applicant has been registered with or licensed by a state or federal agency and has been disciplined by that agency.

(d) No application for a certificate shall be considered while the applicant is serving a sentence for any criminal offense. Serving a sentence includes incarceration, probation (supervised or unsupervised), parole, or conditionally suspended sentence, any of which are imposed as a result of having been convicted or having plead to a criminal charge.

History Note: Authority G.S. 93-12(5);

Eff. December 1, 1982;

Amended Eff. January 1, 2014; March 1, 1990; May 1, 1989; October 1, 1984.

21 NCAC 08G .0401 is proposed to be amended as follows:

21 NCAC 08G .0401 CPE REQUIREMENTS FOR CPAS

(a) In order for a CPA to receive CPE credit for a course:

(1) the CPA must attend or complete the course and receive a certificate of completion as set forth in

Rule 21 NCAC 08G .0403(c)(17) of this Section;

(2) the course must meet the requirements set out in Rule 21 NCAC 08G .0404(a) or (c) of this section; and

(3) the course must increase the professional competency of the CPA.

~~(b) The Board registers sponsors of CPE courses. A CPE course provided by a registered sponsor is presumed to meet the CPE requirements set forth in 21 NCAC 08G .0404(a) if the sponsor has indicated that the course meets those requirements. However, it is up to the individual CPAs attending the course and desiring to claim CPE credit for it to assess whether it increases their professional competency.~~

~~(e)(b)~~ A course that increases the professional competency of a CPA is a course in an area of accounting in which the CPA practices or is planning to practice in the ~~near~~ future, or in the area of professional ethics or an area related to the profession.

~~(d)(c)~~ Because of differences in the education and experience of CPAs, a course may contribute to the professional competence of one CPA but not another. Each CPA must therefore exercise judgment in selecting courses for which CPE credit is claimed and choose only those that contribute to that CPA's professional competence.

~~(e)(d)~~ Active CPAs must complete 40 CPE hours, computed in accordance with Rule 21 NCAC 08G .0409 of this Section by December 31 of each year, except as follows:

(1) CPAs having certificate applications approved by the Board in April-June must complete 30 CPE hours during the same calendar year.

(2) CPAs having certificate applications approved by the Board in July-September must complete 20 CPE hours during the same calendar year.

(3) CPAs having certificate applications approved by the Board in October-December must complete 10 CPE hours during the same calendar year.

~~(f)(e)~~ There are no CPE requirements for ~~retired or~~ inactive CPAs.

~~(g)(f)~~ Any CPE hours completed during the calendar year in which the certificate is approved may be used for that year's requirement even if the hours were completed before the certificate was granted. When a CPA has completed more than the required number of hours of CPE in any one calendar year, the extra hours, not in excess of 20 hours, may be carried forward and treated as hours earned in the following year. Ethics CPE hours may not be included in any carry forward hours. A CPA may not claim CPE credit for courses taken in any year prior to the year of certification.

~~(h)(g)~~ Any CPE hours used to satisfy the requirements for change of status as set forth in 21 NCAC 08J .0105, for reinstatement as set forth in 21 NCAC 08J .0106, or for application for a new certificate as set forth in 21 NCAC 08I. 0104 may also be used to satisfy the annual CPE requirement set forth in Paragraph ~~(e)~~ (d) of this Rule.

1 (†)(h) It is the CPA's responsibility to maintain records substantiating the CPE credits claimed for the current year
2 and for each of the four calendar years prior to the current year.

3 (†)(i) A non-resident licensee may satisfy the annual CPE requirements including 21 NCAC 08G .0401 in the
4 jurisdiction in which he or she is actively licensed and currently works or resides. If there is no annual CPE
5 requirement in the jurisdiction in which he or she is actively licensed and currently works or resides, he or she must
6 comply with Paragraph (†)(d) of this Rule.

7
8 *History Note: Authority G.S. 93-12(8b);*

9 *Eff. May 1, 1981;*

10 *Amended Eff. January 1, 2014; January 1, 2007; January 1, 2004; August 1, 1995; April 1, 1994;*

11 *May 1, 1989; September 1, 1988.*

21 NCAC 08G .0403 is proposed to be amended as follows:

21 NCAC 08G .0403 QUALIFICATION OF CPE SPONSORS

(a) The Board registers ~~shall not does not register~~ sponsors of CPE courses ~~and not or nor~~ courses. ~~The Board will maintain a list of sponsors which have agreed to conduct programs in accordance with the standards for CPE set forth in this Subchapter. Such sponsors shall indicate their agreement by signing a CPE program sponsor agreement form provided by the Board. These sponsors are registered sponsors.~~

(b) ~~Notwithstanding Paragraph (a) of this Rule, sponsors~~ Sponsors of continuing education programs ~~that which~~ are listed in good standing on the National Registry of CPE Sponsors maintained by NASBA ~~are shall be~~ considered by the Board as to be registered CPE sponsors compliant with the CPE requirements with of Paragraph (c) of this Rule. ~~the Board. Board in (c) of this rule. These sponsors are not required to sign a CPE program sponsor agreement form with this Board.~~

(c) ~~In the CPE program sponsor agreement with the Board, the registered sponsor shall agree to: CPE requirements required of CPE providers not in good standing on the NASBA National Registry of CPE Sponsors The NASBA sponsors shall meet the following requirements:~~

- (1) allow the Board to audit courses offered by the sponsor in order to determine if the sponsor is complying with the terms of the agreement and shall refund the registration fee to the auditor if requested by the auditor;
- (2) have an individual who did not prepare the course review each course to be sure it meets the standards for CPE;
- (3) state the following in every brochure or other publication or announcement concerning a course:
 - (A) the general content of the course and the specific knowledge or skill taught in the course;
 - (B) any prerequisites for the course and any advance preparation required for the course and if none, that should be stated;
 - (C) the level of the course, such as basic, intermediate, or advanced;
 - (D) the teaching methods to be used in the course;
 - (E) the amount of sponsor recommended CPE credit a CPA who takes the course could claim; and
 - (F) the date the course is offered, if the course is offered only on a certain date, and, if applicable, the location;
- (4) ensure that the instructors or presenters of the course are qualified to teach the subject matter of the course and to apply the instructional techniques used in the course;
- (5) evaluate the performance of an instructor or presenter of a course to determine whether the instructor or presenter is suited to serve as an instructor or presenter in the future;
- (6) encourage participation in a course only by those who have the appropriate education and experience;
- (7) distribute course materials to participants ~~in a timely manner~~;

- (8) use physical facilities for conducting the course that are consistent with the instructional techniques used;
- (9) assign accurately the number of CPE credits each participant may be eligible to receive by either:
- (A) monitoring attendance at a group course; or
 - (B) testing in order to determine if the participant has learned the material presented;
- (10) provide, before the course's conclusion, an opportunity for the attendees to evaluate the quality of the course by questionnaires, oral feedback, or other means, in order to determine whether the course's objectives have been met, its prerequisites were necessary or desirable, the facilities used were satisfactory, and the course content was appropriate for the level of the course;
- (11) inform instructors and presenters of the results of the evaluation of their performance;
- (12) systematically review the evaluation process to ensure its effectiveness;
- (13) retain for five years from the date of the course presentation or completion:
- (A) a record of participants completing course credit requirements;
 - (B) an outline of the course (or equivalent);
 - (C) the date and location of presentation;
 - (D) the participant evaluations or summaries of evaluations;
 - (E) the documentation of the instructor's qualifications; and
 - (F) the number of contact hours recommended for each participant;
- (14) have a visible, continuous and identifiable contact person who is charged with the administration of the sponsor's CPE programs and has the responsibility and is accountable for assuring and demonstrating compliance with ~~these~~ this ~~r~~Rules by the sponsor or by any other organization working with the sponsor for the development, distribution or presentation of CPE courses;
- (15) develop and promulgate policies and procedures for the management of grievances including, but not limited to, tuition and fee refunds;
- ~~(16) —possess a budget and resources that are adequate for the activities undertaken and their continued improvement; and~~
- ~~(17)~~ (16) provide persons completing course requirements with written proof of completion indicating the participant's name, the name of the course, the date the course was held or completed, the sponsor's name and address, and the number of CPE hours calculated and recommended in accordance with 21 NCAC 08G .0409.
- ~~(d) Failure of a registered sponsor to comply with the terms of the CPE program sponsor agreement shall be grounds for the Board to terminate the agreement, to remove the registered sponsor's name from the list of registered sponsors and to notify the public of this action.~~
- ~~(e)~~(d) Failure of a National Registry of CPE Sponsor to comply with the terms of this Rule shall be grounds for the Board to disqualify the sponsor ~~to be registered~~ as a CPE sponsor compliant with the CPE requirements with this Board and to notify NASBA and the public of this action.

1 *History Note:* *Authority G.S. 93-12(8b);*
2 *Eff. May 1, 1981;*
3 *Amended Eff. January 1, 2014; January 1, 2007; January 1, 2004; March 1, 1990; May 1, 1989;*
4 *August 1, 1988; February 1, 1983.*

21NCAC 08G .0409 is proposed to be amended as follows:

21 NCAC 08G .0409 COMPUTATION OF CPE CREDITS

(a) Group Courses: Non-College. CPE credit for a group course that is not part of a college curriculum shall be given based on contact hours. A contact hour shall be 50 minutes of instruction. One-half credits shall be equal to 25 minutes after the first credit hour has been earned in a formal learning activity. For example, a group course lasting 100 minutes shall be two contact hours and thus two CPE credits. A group course lasting 75 minutes shall be only one and one-half contact hours and thus one and one-half CPE credits. When individual segments of a group course shall be less than 50 minutes, the sum of the individual segments shall be added to determine the number of contact hours. For example, five 30-minute presentations shall be 150 minutes, which shall be three contact hours and three CPE credits. No credit shall be allowed for a segment unless the participant completes the entire segment. Internet based programs shall employ a monitoring mechanism to verify that participants are actively participating during the duration of the course. pursuant to the NASBA Statement on Standards for CPE Programs, Standard No. 13.

(b) Completing a College Course. CPE credit for completing a college course in the college curriculum shall be granted based on the number of credit hours the college gives the CPA for completing the course. One semester hour of college credit shall be 15 CPE credits; one quarter hour of college credit shall be 10 CPE credits; and one continuing education unit (CEU) shall be 10 CPE credits. ~~However, under no circumstances shall~~ No CPE credit shall be given to a CPA who audits a college course.

(c) Self Study. CPE credit for a self-study course shall be given based on the average number of contact hours needed to complete the course. The average completion time shall be allowed for CPE credit. A sponsor must determine, on the basis of pre-tests or NASBA word count formula. pursuant to the NASBA Statement on Standards for CPE Programs, Standard No. 14 the average number of contact hours it takes to complete a course.

(d) Instructing a CPE Course. CPE credit for teaching or presenting a CPE course for CPAs shall be given based on the number of contact hours spent in preparing and presenting the course. No more than 50 percent of the CPE credits required for a year shall be credits for preparing for and presenting CPE courses. CPE credit for preparing for and presenting a course shall be allowed only once a year for a course presented more than once in the same year by the same CPA.

(e) Authoring a Publication. CPE credit for published articles and books shall be given based on the number of contact hours the CPA spent writing the article or book. No more than 25 percent of a CPA's required CPE credits for a year shall be credits for published articles or books. An article written for a CPA's client or business newsletter is not applicable for this CPE credit.

(f) Instructing a College Course. CPE credit for instructing a graduate level college course shall be given based on the number of credit hours the college gives a student for successfully completing the course, using the calculation set forth in Paragraph (b) of this Rule. Credit shall not be given for instructing an undergraduate level course. In addition, no more than 50 percent of the CPE credits required for a year shall be credits for instructing a college course and, if CPE credit shall also be claimed under Paragraph (d) of this Rule, no more than 50 percent of the CPE

1 a college course shall be allowed only once for a course presented more than once in the same year by the same
2 CPA.

3
4 *History Note: Authority G.S. 93-12(8b);*

5 *Eff. May 1, 1989;*

6 *Amended Eff. January 1, 2014; February 1, 2012; January 1, 2007; January 1, 2004; February 1,*
7 *1996; April 1, 1994; March 1, 1990.*

21 NCAC 08G .0410 is proposed to be amended as follows:

21 NCAC 08G .0410 PROFESSIONAL ETHICS AND CONDUCT CPE

(a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics and conduct. They shall complete either two contact hours in a group study format or in a self-study format of a course on regulatory or behavioral professional ethics and conduct. This CPE shall be offered by a CPE sponsor registered with the Board, or with NASBA pursuant to ~~21 NCAC Rule~~ 08G .0403 of this Section (a) or (b).

(b) A non-resident licensee whose primary office is in North Carolina must comply with Paragraph (a) of this Rule. All other non-resident licensees may satisfy Paragraph (a) of this Rule by completing the ethics requirements in the jurisdiction in which he or she is actively licensed as a CPA and works or resides. If there is no ethics CPE requirement in the jurisdiction where he or she is actively licensed and currently works or resides, he or she must comply with Paragraph (a) of this Rule.

History Note: Authority G.S. 93-12(8b);

Eff. January 1, 2005;

Amended Eff. January 1, 2014; February 1, 2012; January 1, 2007; January 1, 2006.

21 NCAC 08I .0104 is proposed to be amended as follows:

21 NCAC 08I .0104 MODIFICATION OF DISCIPLINE AND NEW CERTIFICATE

(a) A person's certificate or CPA firm's registration that has been ~~disciplined~~ permanently revoked by the Board may apply to the Board for modification of the discipline at any time after ~~the effective date of the Board's decision imposing it; however, if any previous application has been made with respect to the same discipline, no additional application shall be considered before the lapse of one year following the Board's decision on that previous application. Provided, however, that an application to modify permanent revocation shall not be considered until~~ after five years from the date of the original discipline, nor more often than three years after the Board's last decision on any prior application for modification.

(b) The application for modification of discipline ~~or for a~~ reissuance of the revoked certificate or registration a new certificate shall be in writing, shall set out and, as appropriate, shall demonstrate good cause for the relief sought. The application for an individual shall be accompanied by at least three supporting recommendations, made under oath, from CPAs who have personal knowledge of the facts relating to the revocation and or discipline of the activities of the applicant since the discipline was imposed. The application for a CPA firm shall be accompanied by at least three supporting recommendations, made under oath, for each CPA partner, CPA member, or CPA shareholder from CPAs who have personal knowledge of the facts relating to the revocation and or discipline of the activities of the CPA partner, CPA member, or CPA shareholder since the discipline was imposed.

(c) "Good cause" as used in Paragraph (b) of this Rule means that the applicant is completely rehabilitated with respect to the conduct which was the basis of the discipline. Evidence demonstrating such rehabilitation shall include evidence:

- (1) that such person has not engaged in any conduct during the discipline period which, if that person had been licensed or registered during such period, would have constituted the basis for discipline pursuant to G.S. 93-12(9);
- (2) ~~that~~, with respect to any criminal conviction which constituted any part of the previous discipline, the person has completed the sentence imposed; and
- (3) ~~that~~, with respect to a court order, civil settlement, lien or other agreement, that restitution has been made to any aggrieved party.

(d) In determining good cause, the Board may consider all the applicant's activities since the disciplinary penalty was imposed, the offense for which the applicant was disciplined, the applicant's activities during the time the applicant was in good standing with the Board, the applicant's rehabilitative efforts, restitution to damaged parties in the matter for which the penalty was imposed, and the applicant's general reputation for truth and professional probity. For the purpose of this Paragraph, "applicant" shall, in the case of a CPA firm, include CPA partners, CPA members, or CPA shareholders.

(e) Any person who applies for a modification of discipline and for a new certificate after revocation shall, in addition to the other requirements of this Section, comply with all qualifications and requirements for initial certification which ~~exist~~ existed at the time of the original application.

1 (f) No application for a new certificate or for modification of discipline shall be considered while the applicant is
2 serving a sentence for any criminal offense. Serving a sentence includes incarceration, probation (supervised or
3 unsupervised), parole, or conditionally suspended sentence, any of which are imposed as a result of having been
4 convicted or plead to a criminal charge.

5 (g) An application shall ordinarily be ruled upon by the Board on the basis of the recommendations and evidence
6 submitted in support thereof. However, the Board may make additional inquiries of any person or persons, or
7 request additional evidence it deems appropriate.

8 (h) As a condition for a new certificate or modification of discipline, the Board may impose terms and conditions it
9 considers suitable to ensure the licensee or CPA firm future compliance with the statutory and regulatory
10 requirements of the Board including the rules of Professional Ethics and Conduct. .

11
12 *History Note: Filed as a Temporary Amendment Eff. September 15, 1983, for a period of 108 days to expire*
13 *January 1, 1984;*
14 *Authority G.S. 55B-12; 93-2; 93-12(7a); 93-12(7b); 93-12(9);*
15 *Eff. September 1, 1982;*
16 *Amended Eff. January 1, 2014; April 1, 1999; August 1, 1998; February 1, 1996; April 1, 1994;*
17 *March 1, 1990; May 1, 1989.*

21 NCAC 08J .0105 is proposed to be amended as follows:

21 NCAC 08J .0105 ~~RETIRED AND INACTIVE STATUS: CHANGE OF STATUS~~

(a) A CPA may apply to the Board for change of status to ~~retired status or~~ inactive status provided the CPA meets the description of the ~~appropriate~~ inactive status as defined in Rule 21 NCAC 08A .0301 of this Chapter.

Application for any status change shall ~~may~~ be made on the ~~annual certificate renewal form or another~~ form provided by the Board.

(b) A CPA who does not meet the description of inactive ~~or retired~~ as defined in ~~21 NCAC 08A .0301~~ may not be or remain on inactive ~~or retired~~ status.

(c) A CPA on ~~retired~~ inactive status may change to active status by:

(1) paying the certificate renewal fee for the license year in which the application for change of status is received;

(2) furnishing the Board with evidence of satisfactory completion of 40 hours of acceptable CPE courses during the 12-month period immediately preceding the application for change of status. Eight of the required hours must be credits derived from a course or examination in North Carolina accountancy statutes and rules (including the Code of Professional Ethics and Conduct contained therein) as set forth in 21 NCAC 08F .0504 ~~08G .0401(a)~~; and

(3) furnishing three certificates of moral character and endorsements as to the eligibility signed by CPAs holding valid certificates granted by any state or territory of the United States or the District of Columbia.

~~(d) A CPA on retired status may request change to inactive status by application to the Board.~~

~~(e) Any individual on inactive status may change to active status by complying with the requirements of 21 NCAC 08J .0106(e).~~

History Note: Authority G.S. 93-12(8); 93-12(8b);

Eff. December 1, 1982;

Curative Adopted Eff. January 25, 1983;

Legislative Objection Lodged Eff. January 31, 1983;

Amended Eff. January 1, 2014; February 1, 2012; February 1, 2011; August 1, 1998; August 1, 1995; April 1, 1994; March 1, 1990; May 1, 1989.

21 NCAC 08J .0106 is proposed to be amended as follows:

21 NCAC 08J .0106 ~~FORFEITURE OR INACTIVATION OF CERTIFICATE AND REISSUANCE OR~~
REINSTATEMENT FORFEITURE OF CERTIFICATE AND REISSUANCE

~~(a) A certificate holder who determines that the certificate of qualification issued by the Board is no longer needed or desired may request inactive status by application to the Board.~~

~~(b)(a)~~ A person who is inactive or has forfeited a certificate is no longer a CPA and thus is not subject to the renewal fee or CPE requirements contained in these Rules.

~~(e)(b)~~ A person who desires to reinstate an inactive certificate or reissue requests reissuance of a forfeited certificate shall make application and provide the following to the Board:

- (1) payment of the current certificate application fee;
- (2) three certificates of moral character and endorsements as to eligibility signed by CPAs holding valid certificates granted by any state or territory of the United States or the District of Columbia; and
- (3) evidence of satisfactory completion of the CPE requirement described in 21 NCAC 08J .0105(c)(2).

~~(d)(c)~~ The certificate may be ~~reinstated~~ or reissued if determined by the Board that the person meets the requirements as listed in Paragraph ~~(e)~~ (b) of this Rule.

History Note: Authority G.S. 93-12(5); 93-12(8a); 93-12(8b);

Eff. October 1, 1984;

Amended Eff. January 1, 2014; July 1, 2010; August 1, 1998; February 1, 1996; April 1, 1994;

May 1, 1989.

1 21 NCAC 08J .0107 is proposed to be amended as follows:

2
3 **21 NCAC 08J .0107 MAILING ADDRESSES OF CERTIFICATE HOLDERS AND CPA FIRMS**

4 All certificate holders and CPA firms shall notify the Board in writing within 30 days of any change in address
5 home address and phone number, CPA firm address and phone number or business location and phone number, and
6 email address.

7
8 *History Note: Authority G.S. 55B-12; 93-12(7b)(5); 93-12(9);*

9 *Eff. October 1, 1984;*

10 *Amended Eff. January 1, 2014; April 1, 1999; April 1, 1991; August 1, 1986.*

21 NCAC 08M .0105 is proposed to be amended as follows:

21 NCAC 08M .0105 PEER REVIEW REQUIREMENTS

(a) A CPA or CPA firm providing any of the following services to the public shall participate in a peer review program:

- (1) audits;
- (2) reviews of financial statements;
- (3) compilations of financial statements; and
- (4) agreed-upon procedures or engagement to be performed in accordance with the Statements on Standards for Attestation Engagements.

(b) A CPA or CPA firm not providing any of the services listed in Paragraph (a) of this Rule is exempt from peer review until the issuance of the first report provided to a client. A CPA or CPA firm shall register with the peer review program as listed in (d) of this Rule within 30 days of the issuance of the first report provided to a client.

(c) A CPA, a new CPA firm or a CPA firm exempt from peer review ~~now~~ that starts providing any of the services in Paragraph (a) of this Rule shall furnish to the peer review program selected financial statements, corresponding work papers, and any additional information or documentation required for the peer review program within ~~24~~ 18 months of the issuance of the first report provided to a client.

(d) Participation in and completion of one of the following peer review programs is required:

- (1) AICPA Peer Review Program; or
- (2) Any other peer review program found to be substantially equivalent to Subparagraph (1) of this Paragraph in advance by the Board.

(e) CPA firms shall not rearrange their structure or act in any manner with the intent to avoid participation in peer review.

(f) A CPA firm which does not have offices in North Carolina and which has provided any services as listed in G.S. 93-10(c)(3) to North Carolina clients is required to participate in a peer review program.

(g) Subsequent peer reviews of a CPA firm are due three years and six months from the year end of the 12 month period of the first peer review unless granted an extension by the peer review program.

History Note: Authority G.S. ~~93-12(7b)~~; 93-12(8c);

Eff. January 1, 2004;

Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006.

21 NCAC 08N .0202 is proposed to be amended as follows:

21 NCAC 08N .0202 DECEPTIVE CONDUCT PROHIBITED

(a) Deception Defined. A CPA shall not engage in deceptive conduct. Deception includes fraud or misrepresentation and representations or omissions which a CPA either knows or should know have a capacity or tendency to deceive. Deceptive conduct is prohibited whether or not anyone has been actually deceived.

(b) Prohibited Deception. Prohibited conduct under this Section includes ~~but is not limited to~~ deception in:

- (1) obtaining or maintaining employment;
- (2) obtaining or keeping clients;
- (3) obtaining or maintaining certification, ~~retired~~ inactive status, or exemption from peer review;
- (4) reporting CPE credits;
- (5) certifying the character or experience of exam or certificate applicants;
- (6) implying abilities not supported by education, professional attainments, or licensing recognition;
- (7) asserting that services or products sold in connection with use of the CPA title are of a particular quality or standard when they are not;
- (8) creating false or unjustified expectations of favorable results;
- (9) using or permitting another to use the CPA title in a form of business not permitted by the accountancy laws or rules;
- (10) permitting anyone not certified in this state (including one licensed in another state) to unlawfully use the CPA title in this state or to unlawfully operate as a CPA firm in this state; or
- (11) falsifying a review, report, or any required program or checklist of any peer review program.

History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);

Eff. April 1, 1994;

Amended Eff. January 1, 2014; January 1, 2004; April 1, 1999.

21 NCAC 08N .0203 is proposed to be amended as follows:

21 NCAC 08N .0203 DISCREDITABLE CONDUCT PROHIBITED

(a) Discreditable Conduct. A CPA shall not engage in conduct discreditable to the accounting profession.

(b) Prohibited Discreditable Conduct. Discreditable conduct includes ~~but is not limited to:~~

- (1) acts that reflect adversely on the CPA's honesty, integrity, trustworthiness, good moral character, or fitness as a CPA in other respects;
- (2) stating or implying an ability to improperly influence a governmental agency or official;
- (3) failing to comply with any order issued by the Board; or
- (4) failing to fulfill the terms of a peer review engagement ~~contract~~; contract;
- (5) misrepresentation in reporting CPE credits; or
- (6) entering into any settlement or other resolution of a dispute that purports to keep its contents confidential from the Board.

History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);

Eff. April 1, 1994;

Amended Eff. January 1, 2014; January 1, 2004; August 1, 1995.

21 NCAC 08N .0208 is proposed to be amended as follows:

21 NCAC 08N .0208 REPORTING CONVICTIONS, JUDGMENTS, AND DISCIPLINARY ACTIONS

(a) Criminal Actions. A CPA shall notify the Board within 30 days of any ~~charge or arrest or~~ conviction or finding of guilt of, pleading of *nolo contendere*, or receiving a prayer for judgment continued to any criminal offense.

(b) Civil Actions. A CPA shall notify the Board within 30 days of any judgment or settlement in a civil suit, bankruptcy action, administrative proceeding, or binding arbitration, the basis of which is grounded upon an allegation of professional negligence, gross negligence, dishonesty, fraud, misrepresentation, incompetence, or violation of any federal or state tax law and which was brought against either the CPA or a North Carolina office of a CPA firm of which the CPA was a managing partner.

(c) Settlements. A CPA shall notify the Board within 30 days of any settlement in lieu of a civil suit or criminal charge which is grounded upon an allegation of professional negligence, gross negligence, dishonesty, fraud, misrepresentation, incompetence, or violation of any federal, state, or local law. Notification is required regardless of any confidentiality clause in the settlement.

(d) Investigations. A CPA shall notify the Board within 30 days of any inquiry or investigation by the Internal Revenue Service (IRS) or any state department of revenue Criminal Investigation Divisions pertaining to any personal or business tax matters.

(e) Liens. A CPA shall notify the Board within 30 days of the filing of any liens by the Internal Revenue Service (IRS) or any state department of revenue regarding the apparent failure to pay or failure to pay any amounts due any tax matters.

History Note: Authority G.S. 55B-12; 57C-2-01; 93-12(9);

Eff. April 1, 1994;

Amended Eff. January 1, 2014; January 1, 2006; April 1, 2003; April 1, 1999.

21 NCAC 08N .0302 is proposed to be amended as follows:

21 NCAC 08N .0302 FORMS OF PRACTICE

(a) Authorized Forms of Practice. A CPA who uses “CPA” in or with the name of the business or offers or renders attestation or assurance services in the public practice of accountancy to clients shall do so only through a registered sole proprietorship, partnership, Professional Corporation, Professional Limited Liability Company, or Registered Limited Liability Partnership.

(b) Authorized Ownership. A CPA(s) must own at least 51 percent of the CPA firm. Non-CPAs may have an ownership of up to 49 percent of a CPA firm ~~by non-CPAs~~. A CPA firm shall have ownership of at least 51 percent and be controlled in law and fact by holders of valid CPA certificates who have the unrestricted privilege to use the CPA title and to practice public accountancy in a jurisdiction and at least one of whom shall be licensed by this Board.

(c) CPA Firm Registration Required. A CPA shall not offer or render professional services through a CPA firm which is in violation of the registration requirements of Rules 21 NCAC 08J .0108, 08J .0110, or 08M .0105 of this Chapter.

(d) Supervision of CPA Firms. Every North Carolina office of a CPA firm registered in North Carolina shall ~~designate an~~ ~~be actively and locally supervised by a designated~~ actively licensed North Carolina CPA to supervise that office and whose primary responsibility and a corresponding amount of time shall be work performed in that office.

(e) CPA Firm Requirements for CPA Ownership. A CPA firm and its designated supervising CPA is accountable for the following in regard to a CPA owner:

- (1) A CPA owner shall be a natural person or a general partnership or a limited liability partnership directly owned by natural persons.
- (2) A CPA owner shall actively participate in the business of the CPA firm ~~as his or her principal occupation.~~
- (3) A CPA owner who, prior to January 1, 2006, is not actively participating in the CPA firm may continue as an owner until such time as his or her ownership is terminated.

(f) CPA Firm Requirements for Non-CPA Ownership. A CPA firm and its designated supervising CPA partner is accountable for the following in regard to a non-CPA owner:

- (1) a non-CPA owner shall be a natural person or a general partnership or limited liability partnership directly owned by natural persons;
- (2) a non-CPA owner shall actively participate in the business of the firm ~~or an affiliated entity~~ as his or her principal occupation;
- (3) a non-CPA owner shall comply with all applicable accountancy statutes and the rules;
- (4) a non-CPA owner shall be of good moral character and shall be dismissed and disqualified from ownership for any conduct that, if committed by a licensee, would result in a discipline pursuant to G.S. 93-12(9);

- 1 (5) a non-CPA owner shall report his or her name, home address, phone number, social security
2 number and Federal Tax ID number (if any) on the CPA firm's registration; and
3 (6) a non-CPA owner's name may not be used in the name of the CPA firm or held out to clients or
4 the public that implies the non-CPA owner is a CPA.

5

6 *History Note:* *Authority G.S. 55B-12; 57C-2-01; 93-12(9);*

7 *Eff. April 1, 1994;*

8 *Amended Eff. January 1, 2014; February 1, 2011; January 1, 2006; April 1, 2003; April 1, 1999;*

9 *August 1, 1995.*

North Carolina State Board of CPA Examiners

Proposed 2014 Board Meeting Dates

Monday	January 27	Raleigh	10:00 a.m.
Monday	February 24	Raleigh	10:00 a.m.
Wednesday	March 19	Raleigh	1:00 p.m.
Tuesday	April 22	Raleigh	10:00 a.m.
Thursday	May 22	Raleigh	10:00 a.m.
Thursday	June 19	Greensboro	10:00 a.m.
Monday	July 21	Raleigh	10:00 a.m.
Monday	August 25	Raleigh	10:00 a.m.
Monday	September 22	Raleigh	10:00 a.m.
Thursday	October 23	Raleigh	10:00 a.m.
Monday	November 17	Raleigh	10:00 a.m.
Monday	December 15	Raleigh	10:00 a.m.